

TRIVENI TURBINE LTD- RELATED PARTY TRANSACTION POLICY

1. Preamble

The Board of Directors (the “Board”) of Triveni Turbine Limited (the “Company”), has approved and adopted the policy with regard to Related Party Transactions (RPTs), in order to set forth a mechanism identification , reporting , review and approval of such transactions .

2. APPLICABILITY AND EFFECTIVE DATE

This policy will be effective from October 01. 2014 to regulate transactions between the Company and its Related Parties based on the applicable laws and regulations.

3. Purpose

This policy is framed as per requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered by the Company with the Stock Exchanges and is intended to ensure that all such transactions are approved by relevant authorities as prescribed under law and there is a proper reporting and disclosure of such transactions between the Company and its Related Parties. The policy sets up a mechanism to ensure that such transactions take place in a equitable manner, the best interest of the Company and its shareholders and no undue benefit is given to the related parties.

4. Definitions

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder.

“**Arm’s Length basis**” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. For determination of Arm’s Length basis, guidance may be taken from provisions of Transfer Pricing under Income Tax Act, 1961.

“**Associate Company**” means any other company, in which the Company has a significant influence, but which is not a subsidiary of the Company having such influence and includes a joint venture company.

Explanation- For the purpose of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decision under an agreement.

“**Audit Committee or Committee**” means Committee of Board of Directors of the Company constituted under provisions of Listing agreement and Act.

“**Board**” means Board of Directors of the Company.

“**Control**” shall have the same meaning as defined in Companies Act 2013 and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

“**Key Managerial Personnel**” means key managerial personnel as defined under the Act and includes

- (i) Chairman and Managing Director, or Vice Chairman and Managing Director, or a Whole-time Director;
- (ii) Company Secretary; and

(iii) Chief Financial Officer

“Material Related Party Transaction” means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

“Policy” means Related Party Transaction Policy.

“Related Party” means a person or an entity:

- (i) which is a related party under section 2(76) of the Act; or
- (ii) which is a related party under the applicable accounting standards.

“Related Party Transaction” (RPT) means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged.

A “transaction” with a related party shall be construed to include single transaction or a group of transactions in a single contract.

“Relative” means relative as defined under the Act and with reference to any person means any one who is related to another in the following manner –

- i) Members of a Hindu undivided family ;
- ii) Husband and wife ;
- iii) Father (including step-father)
- iv) Mother (including step-mother)
- v) Son (including step-son)
- vi) Son’s wife
- vii) Daughter
- viii) Daughter’s husband
- ix) Brother (including step-brother)
- x) Sister (including step-sister)

5. Policy

All Related Party Transactions must be reported to the Audit Committee and after due evaluation, these are entered into only after securing approvals as are required under the applicable laws and regulations. Further, all necessary disclosures are made as required under the applicable laws.

5.1 Monitoring Committee

A committee of the CFO and the Company Secretary will be responsible for setting up a system to identify, regulate, analyze and seek approval of such transactions. The monitoring Committee will analyze RPTs to ensure whether or not the transactions are in the normal course and are at arm's length basis. The committee may seek help of other management personnel or external agencies, if required.

5.2 Identification of Potential Related Party Transactions

- a. All Directors and Key managerial personnel are required to disclose, the entities in which they or their relatives are or are deemed to be interested, in the prescribed form. Any changes from an earlier reported status shall be communicated immediately upon such change occurring, so that the list of related parties is kept updated.
- b. The list of related parties will be made available to the nominated representative of all the Business heads of the Company.
- c. At the beginning of the financial year, Chief Financial Officer will present details of different categories of Related Party Transactions which are likely to be entered into during the year along with estimated amount, period, rationale, pricing and commercial terms. Likewise, all emergency Related Party Transaction not reported earlier will also be reported.
- d. The Company shall not to enter into any Related Party Transaction unless the approval by competent authority, including conditions and terms, if any prescribed, is conveyed to them.

5.3 Approval related to Related Party Transactions

- (i) All Related Party Transactions shall require prior approval of Audit Committee. Any extensions or material changes to a previously approved Related Party Transaction must also be approved by the Audit Committee. However, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into with the Company which are repetitive in nature and are in the ordinary course of business and on at Arm's Length basis, subject to the conditions contained in clause 49 of the listing agreement.
- (ii) All related party transactions referred to in Section 188(1) of the Act, which are not determined to be at arms-length basis or which are not in the ordinary course of business of the Company shall require prior approval of the Board of Directors and also of the Shareholders of the Company through special resolution.

Further, all Material Related Party Transactions shall require approval of the shareholders through special resolution.

Such related party(les) shall abstain from voting on special resolution, as may be prescribed under the applicable laws, from time to time.

- (iii) All existing material transactions, if any which are not completed by 31.03.2015 will be placed in the AGM/EGM to be held immediately after 01.10.2014 for the approval of the shareholders.

5.4 Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recuse him or her and abstain from voting on the approval of the Related Party Transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:

- ✓ Whether the terms of the Related Party Transaction are fair and on arms-length basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- ✓ Whether there are any compelling business reasons for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
- ✓ Whether the Related Party Transaction would affect the independence of an independent director;
- ✓ Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
- ✓ Whether the pre-approval of the transaction was sought and whether the post-facto ratification would be detrimental to the Company; and
- ✓ Whether the Related Party Transaction would present an improper conflict of interest for any director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial position of the Director, Executive Officer or other Related Party, the direct or indirect nature of the Director's, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

If the Committee determines that a Related Party Transaction should be brought to the attention of the Board, or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

In connection with any review of a Related Party Transaction, the Board / Audit Committee has authority to modify or waive any procedural requirements of this Policy.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee, Board of Directors or Shareholders:

- i) Transactions that involve providing remuneration/compensation to a Director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates in accordance with the applicable laws;
- ii) Transactions in which the Related Party's interest arises solely from the ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party;
- iii) Transactions available to all employees generally;
- iv) Transactions involving reimbursement of expenses to a Director/Key Managerial Personnel in connection with discharge of their official duties or functions, in the ordinary course of business and as per rules of the Company.

5.5 Related Party Transactions not approved under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting of such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

6. DISCLOSURE

The particulars of contracts or arrangements with related parties referred to in section 188(1) of the Companies Act, 2013 shall be disclosed in the Directors Report for the financial year commencing on or after April 1, 2014 in the prescribed form and manner.

Details of all Material Related Party Transactions that are entered into with effect from October 1, 2014 shall be disclosed quarterly along with the compliance report on corporate governance, pursuant to the requirements of Clause 49 of the Listing Agreement.

The Company shall disclose the policy on dealing with Related Party Transactions on its website and a web-link thereto shall be provided in the Annual Report.

This Policy will be communicated to all operational employees and other concerned persons of the Company.

7. AMENDMENT

The Board of Directors may as per the recommendations of Audit Committee amend this Policy, as and when deemed fit.

In case of any modification(s), amendment(s), clarification(s), circular(s), re-enactment etc. issued by the relevant statutory authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.